



May 1, 2013

House Committee on Commerce
The Honorable Frank Foster
Anderson House Office Building
124 North Capitol Avenue
Lansing, MI 48909

Dear Chairman Foster and distinguished Members of the Committee:

On behalf of the 88,000 members of Americans for Prosperity-Michigan, I write to express opposition to Senate Bill 257 as it pertains to Business Improvement Zones. This legislation raises a variety of concerns, in that it expands the scope of these “zones,” extends the length of time “zones” can exist, lowers the threshold by which “zones” can be created, and raises the threshold by which “zones” can be dissolved.

SB 257 continues a disturbing trend toward the government-sanctioned creation of new authorities, unelected boards, and special tax assessments. The long-term consequences of such policies are higher taxes, less accountability and transparency, and yet another mechanism by which government can pick economic winners and losers.

Increasing tax revenue via special assessments is a key feature of such zones. It is our position that Michigan businesses are already taxed enough! Increasing the tax base, not the tax rate, should be the mechanism of choice for improving and development an area. No matter how it may be characterized, a tax by its very nature is imposed, not voluntary.

We believe there is a high likelihood that the changes this legislation makes to Business Improvement Zones will exacerbate existing potential for these zones to favor certain business over others, and crowd out startup and incubator business. In particular, small business owners whose operating margins are thin may struggle to meet new tax obligations imposed on them unwillingly by the majority property owner within a proposed zone.

The creation of new taxing authorities or boards is an issue on which our membership has repeatedly expressed concern. With this in mind, I urge you to oppose SB 257.

If you would like to further discuss our position and activities, please feel free to call me at (517) 853-9073.

Sincerely,

Scott Hagerstrom
State Director
Americans for Prosperity-Michigan